

**Testimony of  
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Committee on Commerce, Science, and Transportation  
United States Senate**

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Mr. Chairman and members of the Committee, it is a great pleasure for me to be here to discuss the reauthorization of the Coastal Zone Management Act (CZMA) in the context of the Department of the Interior's Outer Continental Shelf (OCS) Program. The partnership forged between the Department of the Interior and the Department of Commerce on coastal zone management is consistent with the Secretary's Four C's - "communication, consultation, and cooperation, all in the service of conservation." Over the past several years, the Department of the Interior and the Department of Commerce have worked diligently on communicating and comprehending each others' concerns over Federal consistency and how the existing Federal regulatory regime manages offshore and coastal activities. We have consulted cooperatively and produced a mutually-agreeable proposal that addresses our Nation's needs for siting energy facilities that affect the coastal zone while balancing conservation, protection, and beneficial use of our invaluable coastal resources. In addition, Secretary Norton has placed special significance on the requirement that all OCS program decisions must carefully evaluate and be responsive to the laws, goals, and policies of the affected states.

The Administration supports the reauthorization of the Coastal Zone Management Act. This hearing is looking at S. 360, the Coastal Zone Enhancement Reauthorization Act of 2005, which I defer to my esteemed colleague from NOAA to present the Administration's comments on the bill.

Today I am here to discuss the Minerals Management Service's (MMS) role in the management and stewardship of Federal offshore lands and the importance of the CZMA in the continued success of the Nation's energy and mineral development program in the Federal OCS. We recognize that other agencies issue authorizations for the construction and operation of energy-related facilities (such as natural gas pipelines and liquefied natural gas terminals) which are subject to CZMA; my testimony will not address the roles of those agencies. The Federal offshore plays a vital role with respect to our Nation's energy future.

America faces an energy challenge. Energy use sustains our economy and our quality of life, but high prices and increasing dependence on foreign energy supplies raise important national policy issues. There is no one single or short term solution. Achieving the goal of secure, affordable and environmentally sound energy will require diligent, concerted efforts on many fronts on both the supply and demand sides of the energy equation.

President Bush's National Energy Policy (NEP) report laid out a comprehensive, long-term energy strategy for securing America's energy future. That strategy recognizes that to reduce our rising dependence on foreign energy supplies, we must increase domestic production, while pursuing energy conservation and the use of alternative and renewable energy sources.

The OCS Lands Act directs the Secretary of the Interior to make resources available to meet the nation's energy needs. The accompanying Congressional Declaration of Policy states, "*The OCS is a vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development.*" As the Department of the Interior's offshore resource management agency, the MMS has a focused and well established ocean mandate – to balance the exploration and development of oil, gas, and mineral resources of the OCS with safety and protection of the marine and coastal environment.

The Federal OCS is a major supplier of oil and natural gas for the domestic market, contributing more oil and natural gas for U.S. consumption than any single state or country in the world. As steward of the mineral resources on the 1.76 billion acres of the Nation's OCS, MMS has, since 1982, managed OCS production of 9.6 trillion barrels of oil and more than 109 trillion cubic feet of natural gas for U.S. consumption.

Today, MMS administers approximately 8,200 leases and oversees approximately 4000 facilities on the OCS. OCS production accounts for over 30 percent of the Nation's domestic oil production and approximately 23 percent of our domestic natural gas production. Within the next 5 years, offshore production will likely account for more than 40 percent of oil and 26 percent of U.S. natural gas production, owing primarily to deep water discoveries.

As the OCS resource management agency, MMS has worked diligently for over 20 years to create a framework for OCS mineral resource development. Principles guiding our management of the resources of the OCS include: conservation of resources by providing for their most efficient use; assurance of a fair and equitable return to the public for rights conveyed; protection of the human, marine, and coastal environments; involvement of interested and affected parties in planning and decision-making; and minimization of conflicts between mineral activities and other uses of the OCS. MMS also has over two decades of experience working with coastal states regarding coastal zone issues related to development on the OCS. The U.S. Commission on Ocean Policy in its report, "An Ocean Blueprint for the 21st Century," stated, "the scope and comprehensiveness of the OCS oil and gas program can be a model for the management of a wide variety of offshore activities."

In the NEP, the President directed the Secretaries of the Interior and Commerce to determine if changes to the Federal regulatory regime were needed to facilitate energy-related projects in the coastal zone and on the OCS. Secretary Norton and then-Secretary Evans convened a “Coastal Zone Management Act Team” to develop a proposed rule addressing questions raised in NOAA’s July 2002 Advanced Notice of Proposed Rulemaking (ANPR), and to establish an effective partnership for consistency issues. I am pleased to report that this effort has led to a much improved proposed rule.

Using the July 2002 ANPR as the starting point, the team engaged in an intensive effort to fulfill the Secretaries’ goals in a manner that reflected the interests and concerns of our various stakeholders. As a result of our joint effort, in June 2003, NOAA published a proposed rule that better addressed energy-related consistency issues while ensuring protection of the Nation’s coastal resources. The proposal would:

- Establish a straightforward consistency review process with clear information requirements.
- Provide a predictable consistency review process so that States, Federal agencies, and applicants know which activities are covered, when consistency reviews will begin, and when decisions will be made.
- Clarify what information is required for consistency review purposes.
- Eliminate conflict and confusion between the statutory requirements of the CZMA and OCS Lands Act, and most importantly,
- Maintain the States’ ability to review those Federal actions which have reasonably foreseeable effects on any land, water use or natural resources of their coastal zone as provided for in the CZMA.

When promulgated as a final rule, the changes will improve the effectiveness of the Federal consistency process while preserving the proper balance between State and Federal management of coastal resources.

We have also been working with NOAA to achieve prompt and efficient consultations under the Endangered Species Act and rulemakings under the Marine Mammal Protection Act.

Now I'd like to talk about other proactive steps MMS is taking to ensure integration of CZMA into our offshore management program.

The MMS has developed a CZM strategy in the Gulf of Mexico with the primary goals of:

- Providing a more efficient process for State consistency review of MMS OCS lease sale and permitted activities.
- Standardizing information required of industry based on actual authorized CZMA requirements.
- Managing the CZM federal consistency review timeframes more effectively.
- Improving MMS/Gulf State relationships.

I am happy to say this initiative has been extremely successful. We have:

- Streamlined the lease sale consistency review process through a tiered Consistency Determination document approach agreed to by all Gulf States.
- Written agreements with all Gulf States on specific information that would satisfy State consistency requirements, thereby eliminating the need for an additional 30-day time frame allowed under the January 2001 regulations for the States' decision on adequate information to begin consistency review.
- Eliminated broad descriptive information previously required in industry submittals.
- Standardized and updated information required by industry via several Notices to Lessees and Operators.
- Expedited consistency review of 75 to 80 percent of all Gulf plans submitted through the use of concurrence agreements with the Gulf States.
- Significantly improved MMS/Gulf State Coordination.

Alaska is in the process of revising its CZM plan. In Alaska, there is an interest in subsistence fishing and hunting, which is the cultural heart and soul of rural Alaska. The need to protect fish and wildlife and their use for future generations is important in Alaska, as is the desire to encourage wise, sustainable development.

Alaska has an outstanding record of balancing these competing interests. For MMS, the issue here will be OCS leasing off the northern coast of Alaska and ensuring that subsistence resources remain at levels adequate to meet community needs. The MMS and Alaska's coordinating agency, the Office of Permitting and Project Management (OPMP), enjoy an excellent working relationship. Alaska is presently reworking its CZM program and MMS is ready to contribute as they progress in their efforts.

## **Conclusion**

OCSLA and CZMA explicitly provide states a critical role in shaping national policy regarding the development of OCS resources for the nation's benefit. The Congressional Declaration of Policy for OCSLA prescribes, "States, and through such States, affected local governments, are entitled to an opportunity to participate, to the extent consistent with the national interest, in the policy and planning decisions made by the Federal Government relating to the exploration for, and development and production of, minerals of the OCS." The Department is firmly committed to the consultative responsibility this entails.

Building on our successful partnership, the Department of the Interior and the Department of Commerce will continue to work together to identify and resolve issues that could arise in the administration of both the CZMA and OCSLA to promote Congress' objectives in both statutes and the objectives of the President's National Energy Policy.

Mr. Chairman, this concludes my prepared remarks however I would be pleased to answer questions from you or the members of the Committee.